

**REQUEST FOR ENDORSEMENT OF CREDIT****INSTRUMENT AND CERTIFICATE OF  
MORTGAGEE, BORROWER AND GENERAL  
CONTRACTOR  
(Insurance upon Completion)****U.S. Department of  
Housing  
and Urban Development  
Office of Housing**

(Execute Original plus two copies)

OMB Approval No.

(Exp. 00/00/00)

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Project Name:

Project Number:

Lender:

Borrower:

☐ Multifamily Accelerated Processing (MAP)☐ Traditional Application Processing (TAP)**To the U.S. Department of Housing and Urban Development (HUD):**

The Lender submits separately the original Note evidencing a loan to the undersigned Borrower, together with a recorded copy of the Security Instrument of even date securing the Note. The Lender requests endorsement of the Note for mortgage insurance in the total sum of \$\_\_\_\_\_, in accordance with Section \_\_\_\_\_ of the National Housing Act and its implementing regulations.

The Lender submits separately a check for \$\_\_\_\_\_ covering the first mortgage insurance premium, together with the other items called for in the HUD commitment dated \_\_\_\_\_, 20\_\_\_\_, and in any extensions or amendments thereof (the Commitment). The Lender certifies that all conditions of the Commitment have been fulfilled to date.

The Lender understands that the Security Instrument, the Note, this Request for Endorsement, and any documents submitted with this Request for Endorsement are considered to be consistent with and shall be interpreted consistently with HUD's regulations as such regulations constitute and pertain to the Contract of Insurance. The Lender agrees to be bound by such regulations and by all Directives of HUD.

The definition of any capitalized term or word used herein can be found in this Request for Endorsement, the Regulatory Agreement between the Borrower and HUD, and/or the Security Instrument by the Borrower. The term "financing charge(s)," as used herein shall mean any charge, direct or indirect, for supplying the loan to or servicing the loan for the Borrower. Whenever used, the singular number shall include the plural, the plural the singular and the use of any gender shall be applicable to all genders.

The Lender submits separately an appropriate security agreement executed by

the Borrower (and Lessee, if appropriate, in the case of Health Care Facilities) covering all of the Personalty which, under applicable law, may be subject to a security interest under the Uniform Commercial Code (UCC), whether acquired now or in the future, and all products and cash proceeds and non-cash proceeds (UCC Collateral). The Lender will file timely appropriate Financing Statements under the UCC. The Lender agrees to file timely the appropriate Financing Statements under the UCC on behalf of HUD pursuant to HUD's rights under the Regulatory Agreement.

The Lender submits separately the Sponsor's Guaranty Agreement to meet a subsidy differential in the amount of \$ \_\_\_\_\_. (Applicable only to Section 231 and 232 nonprofit projects if required by HUD.)

The Lender agrees to furnish HUD with a complete report of the results of any inspection of the Mortgaged Property that the Lender is required to perform under the applicable regulations or Directives of HUD.

### CERTIFICATE OF MORTGAGEE

The Lender certifies that:

1. To the best of our knowledge and information, the construction or the required repairs, as the case may be, have been completed in accordance with HUD's requirements, except for such items approved by HUD for delayed completion, and noted hereinafter.

2. Impound accounts for taxes, insurance and mortgage insurance premiums have been established and are adequately funded.

3. The Project is fully covered by insurance as required by the terms of the Security Instrument and the Commitment, and all such insurance policies have attached thereto a standard mortgagee clause making the loss payable to the Lender and the Secretary, Department of Housing and Urban Development, as their interests may appear.

4. The Lender has received and submits to HUD separately (*check applicable paragraphs*):

☐ a. An Escrow Agreement guaranteeing the completion of off-site improvements as required by HUD. The Borrower has made a cash deposit in the amount of \$ \_\_\_\_\_.

☐ b. Evidence that the off-site improvements will be provided by the public authorities having jurisdiction, or by public utility companies serving the Project, at no cost to the Borrower.

☐ c. In the case of new construction or substantial rehabilitation, an Escrow Agreement covering incomplete on-site Improvements. The Borrowor has made

a cash deposit in the amount of \$ \_\_\_\_\_, at 150% of HUD's estimated cost.

☐ d. Or, in the case of refinancing, an Escrow Agreement covering the delayed repairs. The Borrower has made a cash deposit in the amount of \$ \_\_\_\_\_, at 100% of HUD's estimated cost; with an additional \_\_\_\_\_ % required by HUD, in the form of (cash or letter of credit) \_\_\_\_\_.

5. The Lender has received a guarantee against defects due to faulty workmanship and defective materials and submits separately (*check applicable paragraphs*):

☐ a. A surety bond in an amount not less than 10% of the cost of construction, running for a period of not less than two years from the date of completion of the Project, as determined by HUD, which bond has been assigned to the Lender (or under which bond the Lender is a joint obligee) and which is assignable to HUD.

☐ b. An agreement between the Borrower, the general contractor and the Lender, under which the Lender is retaining for a period of one year following the date of completion of the Project, as determined by HUD, a sum equal to 2-1/2% of the principal amount of the Security Instrument, in the form of (cash or letter of credit) \_\_\_\_\_, which sum, upon failure of the Borrower or the general contractor to cure any such defects due to faulty workmanship and defective materials to the satisfaction of HUD and the Lender, can be used for the purpose of curing such defects, or can be applied to the Indebtedness with HUD's consent.

☐ c. If the Project is insured pursuant to Section 223, and required repairs are delayed until after HUD's endorsement, the Lender has obtained an assurance against latent defects in the amount of 2-1/2% of the cost, in the form of (cash or letter of credit) \_\_\_\_\_, for a period of 12 months, which may be extended for up to 15 months, following the satisfactory completion of repairs.

6. The Lender submits separately an Escrow Agreement evidencing the deposit in the amount of \$ \_\_\_\_\_, in the form of (cash or letter of credit) \_\_\_\_\_, to meet a possible initial operating deficit during the period specified in the Commitment.

7. If the Project is insured pursuant to Section 223, and if required by the Commitment, the Lender has collected cash as an initial deposit to the Reserve Fund for Replacements, in the amount of \$ \_\_\_\_\_.

8. Beginning with the date on which the first payment toward amortization is required to be made by the terms of the insured Security Instrument or at such later date as may be agreed to by HUD in writing, the Lender shall require a monthly deposit with the Lender or in a depository satisfactory to the Lender of one-twelfth (1/12) of the sum set forth in the Commitment constituting a Reserve Fund for Replacements which fund will be subject to the Lender's order and from which fund withdrawals may be made only

upon the receipt of HUD's written permission. The amount of the monthly deposit may be increased or decreased from time to time at the direction of HUD. These funds will be deposited with the Lender by the Borrower in cash or in the form of obligations of, or guaranteed as to principal by, the United States of America. The Lender will, upon appropriate request by the Borrower, permit the conversion of the whole or a substantial part of such cash deposits into the form of obligations of, or fully guaranteed as to principal by, the United States of America. Notice of any failure to receive the required deposits will be forwarded to HUD within 60 days of the date such deposits are due.

9. In cases where a Residual Receipts Fund is required under the Regulatory Agreement, the Lender shall deposit or place in a depository satisfactory to the Lender all funds received from the Borrower after the end of each semi-annual or annual fiscal period, and will notify HUD if such funds are not received within 90 days of the end of such fiscal period. The Residual Receipts Fund will be subject to the control of the Lender and from which fund withdrawals may be made only upon the receipt of HUD's written permission except for permitted distributions pursuant to the terms of the Regulatory Agreement. These funds will be deposited with the Lender by Borrower in cash or in the form of obligations of or guaranteed as to principal by the United States of America. The Lender will, upon appropriate request by the Borrower, permit the conversion of the whole or a substantial part of such cash deposits into the form of obligations of, or fully guaranteed as to principal by, the United States of America. The Lender agrees to notify HUD in writing of any irregularity with respect to such Residual Receipts Fund immediately upon such irregularity coming to the attention of the Lender.

10. No financing charges other than charges disclosed herein have been made and the Lender agrees that no other charges for financing will be made. *(Check and complete the following applicable subparagraphs, a, b, c, d, e, f, g or h.)*

☐ a. No financing charges of any kind have been or will be imposed directly or indirectly.

☐ b. The Lender has collected cash as an initial service charge in the amount of \$ \_\_\_\_\_.

☐ c. In addition to the initial service charge, the Lender has collected cash in the amount of \$ \_\_\_\_\_ as a discount or financing charge for the construction or rehabilitation loan.

☐ d. The Lender is retaining the permanent loan. In addition to the initial service charge, the Lender has collected cash as a permanent placement fee in the amount of \$ \_\_\_\_\_.

☐ e. The Lender has a firm commitment from \_\_\_\_\_ to purchase the loan when insured at a financing charge or discount of \_\_\_\_ percent, and the Lender has collected in the form of (cash or letter of credit) \_\_\_\_\_ in the amount of \$ \_\_\_\_\_ to cover said charge or discount.

☐ f. This Project will be financed with (tax-exempt or taxable) \_\_\_\_\_ bonds. Therefore, the Lender has collected in the form of (cash or letter of credit) \_\_\_\_\_ the amount of \$ \_\_\_\_\_ to cover the costs of issuance. A statement is attached itemizing these costs with an explanation of the necessity of each cost.

☐ g. Additional financing charges or discounts of \$ \_\_\_\_\_ are to be collected pursuant to the attachment hereto for the purpose shown in (c), (d), (e), (f) (*strike inapplicable letters*). The arrangement for the collection of additional financing charges or discount must follow forms and procedures prescribed by HUD.

☐ h. A servicing fee that is included in the interest rate and an administrative fee for investing the cash held in the Reserve Fund for Replacements and any other interest-bearing escrows required by HUD.

☐ i. The Security Instrument loan to be made to the Borrower will be financed through funds being provided by a third-party investor through the issuance to the investor of construction and permanent participation certificates pursuant to a participation agreement between the Lender and the investor, with respect to which agreement the Lender has agreed to repay the investor at a stated interest rate according to a fixed payment schedule.

☐ j. The Security Instrument loan to be made to the Borrower will be financed through funds being provided by a third-party investor through the issuance to the investor of construction and permanent fully modified, pass-through, mortgage-backed securities, guaranteed as to principal and interest by the Government National Mortgage Association.

11. In the event of a default under the Security Instrument during the term of any prepayment lock-out or penalty, that is, prior to the date on which prepayments may be made with a penalty of one percent (1%) or less, the Lender will do the following:

- a. request a three-month extension of the deadline prescribed by 24 C.F.R. 207.258 for filing a notice of our intention to file an insurance claim and our election to assign the Security Instrument;
- b. if you grant the requested extension of the notice-filing deadline, or a shorter period, assist the Borrower in arranging a refinancing to cure the default and avert an insurance claim;
- c. report to HUD at least monthly on any progress in arranging a refinancing;
- d. otherwise cooperate with HUD in taking reasonable steps in accordance with prudent business practices to avoid an insurance claim; and

e. require any successors or assigns to certify in writing that they agree to be bound by these conditions for the remainder of the term of the prepayment lock-out or penalty.

12. The Lender certifies that in any case where a letter of credit has been accepted instead of cash, (a) such unconditional and irrevocable letter of credit has been issued by (1) another banking institution; (2) the Lender, subject to receiving HUD's written permission prior to endorsement; (b) if demand under the letter of credit is not immediately met, the Lender will forthwith provide cash equivalent to the undrawn balance thereunder without recourse to the Borrower, any sponsor, or the general contractor.

13. The Lender has not paid any kickback or fee or other consideration, directly or indirectly, to any person who has received payment or other consideration from any other person in connection with this transaction, including the purchase or sale of the Mortgaged Property, except for compensation paid or to be paid, if any, for the actual performance of services and approved by HUD.

14. The following are the only identities of interest, as defined by HUD in MAP Directives, between the Lender and the Borrower, any Principal of the Borrower, the Contractor, any subcontractor, or the seller of the land: \_\_\_\_\_  
 \_\_\_\_\_ (must indicate "none" for MAP transactions).

15. No identity of interest, as defined by HUD Directives, exists between the Lender and the counsel to the Borrower.

16. All funds, escrows, and deposits specified in this Request for Endorsement and any and all other funds held in connection with the transaction covered by this Request for Endorsement shall be funds held for or on behalf of the Borrower pursuant to the Contract of Insurance.

17. All HUD form closing documents submitted to HUD in connection with this transaction (with the exception of the Opinion by Counsel to the Borrower and the accompanying Certification by the Borrower) conform to those documents the Lender obtained from HUD on \_\_\_\_\_ and such documents have not been changed or modified in any manner except as suitably identified and specifically approved by HUD field counsel as evidenced by the attached memorandum. It is understood that changes and modifications do not include filling in blanks, attaching exhibits or riders, deleting inapplicable provisions or making changes authorized by applicable HUD regulations and/or Directives. The Lender further certifies that all closing documents submitted to and accepted by HUD in connection with this transaction are listed in the attached memorandum.

18. The Lender agrees to notify HUD in writing immediately upon learning of any violation of the Regulatory Agreement by the Borrower, the Lessee and/or the Operator, as applicable, in certain transactions involving the lease of the Project.

19. The Lender agrees to promptly review any Borrower's request to transfer the Project and not unreasonably withhold the Lender's approval of the transfer. If HUD approves the transfer, the Lender agrees to execute a Release and Assumption Agreement or a Mortgage Modification Agreement incorporating the Regulatory Agreement in the Mortgage. It is understood that the Lender's consent to the transfer will in no way prejudice the Lender's rights under the Contract of Insurance with HUD. The Lender shall not collect any fee in connection with reviewing the transfer except the Borrower may reimburse the Lender for actual expenses incurred by the Lender in connection with reviewing the transfer.

Each signatory below hereby certifies that the statements and representations contained in this instrument and all supporting documentation thereto are true, accurate, and complete. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD (acting by and through the FHA Commissioner) in insuring a multifamily rental or health care facility mortgage loan, and may be relied upon by HUD and the Commissioner as a true statement of the facts contained therein.

Date	Lender
	By

### Warning

Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions, including but not limited to: (i) fines and imprisonment under 18 U.S.C. §§ 287, 1001, 1010 and 1012; (ii) civil penalties and damages under 31 U.S.C. § 3729; and (iii) administrative sanctions, claims, and penalties under 24 C.F.R. parts 24 and 28.



## CERTIFICATE OF MORTGAGOR

The undersigned Borrower certifies to HUD:

1. The Borrower possesses the powers necessary for and incidental to the ownership and operation of the Project, as required by the appropriate provisions of the National Housing Act, the regulations, and Directives of HUD.

2. The Borrower has read the foregoing Certificate of Mortgagee, and to the best of its knowledge and belief considers it correct.

3. The project books and records will be kept in accordance with HUD Directives, and will be maintained to permit an accurate audit under HUD Directives. The undersigned further agrees that if the Project has been occupied prior to the date of this certificate, financial reports covering the entire period of occupancy will be furnished to HUD upon request.

4. All funds escrowed with the Lender, as set forth in the Certificate of Mortgagee, may be held by the Lender for the purposes indicated therein, or in the event of a default and with HUD's permission may be applied to the Indebtedness.

5. HUD and its authorized agents and the Lender are hereby granted the right to enter upon the Mortgaged Property at any and all times for the purpose of inspection.

6. No fixtures or personal property acquired for the Project have been purchased on a conditional sale contract or other form of delayed payment.

7. Additionally, the undersigned certifies that:

(a) The Borrower has received the sum of \$ \_\_\_\_\_, constituting the full principal amount of the loan for this Project.

(b) Construction or repairs are complete, except as otherwise noted in the Certificate of Mortgagee, and is in accordance with the drawings and specifications or list of repairs required by HUD. The Security Instrument is a good and valid first lien; the property is free and clear of all liens other than that of the \_\_\_\_\_ or such inferior liens as have been approved by HUD; and all outstanding unpaid obligations contracted by or on behalf of the Borrower, directly or indirectly, in connection with the mortgage transaction, the acquisition of the property, and the construction, substantial rehabilitation or repair of the Project are listed below:

- |  |    |
|--|----|
| (1) HUD-approved notes (copies attached) | \$ |
| (2) Due General Contractor               | \$ |
| (3) Other                                | \$ |

*(NOTE: If the space provided is inadequate to list all unpaid obligations, insert the total in each category and attach itemizations. If there are no outstanding obligations, so state.)*

(c) Except for any amounts due on notes listed in item 7(b)(1) above, the undersigned agrees to pay the foregoing obligations in cash and to furnish HUD with receipts, or other evidence of payment satisfactory to HUD, within 45 days following the date hereof.

Each signatory below hereby certifies that the statements and representations contained in this instrument and all supporting documentation thereto are true, accurate, and complete. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD (acting by and through the FHA Commissioner) in insuring a multifamily rental or health care facility mortgage loan, and may be relied upon by HUD and the Commissioner as a true statement of the facts contained therein.

Name of Entity: \_\_\_\_\_

By: \_\_\_\_\_ /s/ \_\_\_\_\_

Printed Name, Title: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_ /s/ \_\_\_\_\_

Printed Name, Title: \_\_\_\_\_

Dated: \_\_\_\_\_

### **Warning**

Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions, including but not limited to: (i) fines and imprisonment under 18 U.S.C. §§ 287, 1001, 1010 and 1012; (ii) civil penalties and damages under 31 U.S.C. § 3729; and (iii) administrative sanctions, claims, and penalties under 24 C.F.R. parts 24 and 28.

## CERTIFICATE OF GENERAL CONTRACTOR

The undersigned general contractor certifies to HUD:

1. The construction is in accordance with the drawings and specifications approved by HUD.

2. All outstanding unpaid obligations contracted by or on behalf of the undersigned in connection with the construction contract are listed below:

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

*(NOTE: If the space provided is inadequate to list all unpaid obligations, insert the total in each category and attach itemizations. If there are no outstanding obligations, so state.)*

3. Except for unfinished work funded by an escrow or escrows approved by HUD, the undersigned agrees to pay the foregoing obligations, and to furnish HUD receipts or other evidence satisfactory to HUD, within 15 days following receipt of payment from the Borrower.

Each signatory below hereby certifies that the statements and representations contained in this instrument and all supporting documentation thereto are true, accurate, and complete. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD (acting by and through the FHA Commissioner) in insuring a multifamily rental or health care facility mortgage loan, and may be relied upon by HUD and the Commissioner as a true statement of the facts contained therein.

Name of Entity: \_\_\_\_\_

By: \_\_\_\_\_ /s/ \_\_\_\_\_

Printed Name, Title: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_ /s/ \_\_\_\_\_

Printed Name, Title: \_\_\_\_\_

Dated: \_\_\_\_\_

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